

**REPORT OF THE AUDIT OF THE  
FORMER CASEY COUNTY  
SHERIFF**

**For The Period January 1, 2002  
Through January 5, 2003**



**EDWARD B. HATCHETT, JR.  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE FORMER CASEY COUNTY SHERIFF**

**For The Period January 1, 2002  
Through January 5, 2003**

The Auditor of Public Accounts has completed the former Casey County Sheriff's audit for the period January 1, 2002 through January 5, 2003. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

#### **Financial Condition:**

Excess fees increased by \$2,616 from the prior calendar year, resulting in excess fees of \$5,950 as of January 5, 2003. Revenues increased by \$22,647 from the prior year and disbursements increased by \$20,031.

#### **Report Comments:**

- The Former Sheriff Should Have Maintained Proper Documentation For All Expenditures And No Late Fees, Finance Charges, Or Credit Card Fees Should Have Been Paid From Excess Fees
- The Former Sheriff Should Not Have Used Public Funds For Personal Expenditures
- The Sheriff's Office Should Follow Proper Payroll Procedures And Accurately Reflect Expenditures Of The Office
- Lacked Adequate Segregation Of Duties

#### **Deposits:**

The former Sheriff's deposits were insured and collateralized by bank securities or bonds.



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**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Ronald D. Wright, Casey County Judge/Executive

Honorable Robert Weddle, Former Casey County Sheriff

Honorable Jerry Coffman, Casey County Sheriff

Members of the Casey County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the former County Sheriff of Casey County, Kentucky, for the period January 1, 2002 through January 5, 2003. This financial statement is the responsibility of the former County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the former County Sheriff for the period January 1, 2002 through January 5, 2003, in conformity with the modified cash basis of accounting.



To the People of Kentucky  
Honorable Paul E. Patton, Governor  
Gordon C. Duke, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Ronald D. Wright, County Judge/Executive  
Honorable Robert Weddle, Former County Sheriff  
Honorable Jerry Coffman, Casey County Sheriff  
Members of the Casey County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated August 19, 2003, on our consideration of the former County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- The Former Sheriff Should Have Maintained Proper Documentation For All Expenditures And No Late Fees, Finance Charges, Or Credit Card Fees Should Have Been Paid From Excess Fees
- The Former Sheriff Should Not Have Used Public Funds For Personal Expenditures
- The Sheriff's Office Should Follow Proper Payroll Procedures And Accurately Reflect Expenditures Of The Office
- Lacked Adequate Segregation Of Duties

Respectfully submitted,



Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 19, 2003



CASEY COUNTY  
 ROBERT WEDDLE, FORMER COUNTY SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

For The Period January 1, 2002 Through January 5, 2003

State Grants		\$	12,847
State Fees For Services:			
Finance and Administration Cabinet			11,343
Circuit Court Clerk:			
Sheriff Security Service	\$	4,655	
Fines and Fees Collected		<u>1,890</u>	6,545
Fiscal Court			18,040
County Clerk - Delinquent Taxes			929
Commission On Taxes Collected			119,577
Fees Collected For Services:			
Auto Inspections	\$	5,660	
Accident and Police Reports		775	
Serving Papers		<u>9,850</u>	16,285
Other:			
Carrying Concealed Deadly Weapon Permits	\$	3,075	
Sheriff's Add-on Fees		15,352	
Advertising Costs and Fees		4,110	
County Portion - House Bill 577		4,610	
Patient Transport		1,507	
Sequestered Jury		740	
Uniform Reimbursement		948	
Miscellaneous		<u>388</u>	30,730
Interest Earned			2,295
Borrowed Money:			
State Advancement			<u>50,000</u>
Total Receipts		\$	268,591

The accompanying notes are an integral part of this financial statement.

CASEY COUNTY  
 ROBERT WEDDLE, FORMER COUNTY SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 For The Period January 1, 2002 Through January 5, 2003  
 (Continued)

Disbursements

Operating Disbursements:

Personnel Services-

Deputies' Salaries	\$	52,191
Clerks' Salaries		35,302
Overtime Gross Salaries		14,372
KLEFPF Salaries		10,594

Employee Benefits-

Training Incentive		2,224
Employer's Share Retirement - KLEFPF		1,718

Contracted Services-

Advertising		2,009
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Materials and Supplies-

Office Materials and Supplies		3,157
Uniforms		2,064

Auto Expense-

Gasoline		3,967
Maintenance and Repairs		3,360

Other Charges-

Conventions and Travel		1,316
Dues		25
Postage		3,864
Court Bailiff		3,046
Sequestered Jury		804
Utilities		3,383
County's Portion - House Bill 577		4,610
Carrying Concealed Deadly Weapon Permits		2,285
Miscellaneous		1,010

The accompanying notes are an integral part of this financial statement.

CASEY COUNTY  
 ROBERT WEDDLE, FORMER COUNTY SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 For The Period January 1, 2002 Through January 5, 2003  
 (Continued)

Disbursements (Continued)

Debt Service:

State Advancement	\$	50,000	
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Total Disbursements			\$	201,301
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Less: Disallowed Disbursements

Penalties for Late Payment	\$	178	
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Expenditures Without Proper Documentation		103	
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Finance Charges and Credit Protection Fee		113	
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Personal Expenditures		360	
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Total Allowable Disbursements			\$	200,547
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Net Receipts			\$	68,044
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Less: Statutory Maximum				62,259
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Excess Fees Due County for 2002			\$	5,785
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Payments to County Treasurer - August 22, 2003				0
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Balance Due at Completion of Audit			\$	5,785
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The accompanying notes are an integral part of this financial statement.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENT

January 5, 2003

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at January 5, 2003.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent for the first six months of the year and 6.34 percent for the last six months of the year. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENT  
January 5, 2003  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The former Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the former Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of January 5, 2003, the former Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the former Sheriff's agent in the former Sheriff's name, or provided surety bond which named the former Sheriff as beneficiary/obligee on the bond.

Note 4. Drug Enforcement Account

As of December 31, 2001, the former Sheriff had a balance of \$494 in the Drug Enforcement Account. During CY 2002, the former Sheriff received \$8,762 in court-ordered contributions and expended \$1,125, leaving an unexpended balance of \$8,131 as of January 5, 2003. These funds are to be used for law enforcement activities against drugs and are not included as part of excess fees. These funds have been transferred to the incoming Sheriff.

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## COMMENTS AND RECOMMENDATIONS





CASEY COUNTY  
ROBERT WEDDLE, FORMER COUNTY SHERIFF  
COMMENTS AND RECOMMENDATIONS

For The Period January 1, 2002 Through January 5, 2003

STATE LAWS AND REGULATIONS:

1. The Former Sheriff Should Have Maintained Proper Documentation For All Expenditures And No Late Fees, Finance Charges, Or Credit Card Fees Should Have Been Paid From Excess Fees

Per Technical Audit Bulletin #93-001, any penalties for late payments or expenditures without proper documentation is subject to an audit comment relating to Ky Const. S 173; KRS 61.190 and 132.601(1); and Funk v. Milliken, 317 S.W.2d 499(KY 1958). Late payment charges totaling \$178 and expenditures without proper documentation totaling \$268 were paid to MBNA credit card during calendar year 2002 using excess fees of the Sheriff's office. Additionally, finance charges of \$96 and credit card protection fees of \$17 (\$3 of which were reimbursed in December 2002) were paid during calendar year 2002 from excess fees. These are not allowable expenditures of the Sheriff's office nor do they appear to meet the required "reasonable and necessary expenditures to operate the Sheriff's office." We recommend the former Sheriff reimburse the fee account \$556 from personal funds for the above expenditures.

*Former County Sheriff Robert Weddle's Response:*

*Former Sheriff paid \$391. Also, proof of receipt for allowed expenditure of \$165.*

Auditor's Reply:

Former Sheriff subsequently found adequate documentation for an expenditure of \$165. As a result, expenditures without proper documentation was reduced to \$103 and the amount the former Sheriff had to personally reimburse the fee account was reduced to \$391.

2. The Former Sheriff Should Not Have Used Public Funds For Personal Expenditures

Per Technical Audit Bulletin #93-002, any expenditure of any funds from an official bank account for non-official or personal expenses, even if the expenditure is subsequently reimbursed, shall be subject to report as an audit comment relating to commingling of public and private funds prohibited by KRS 64.850. The former Sheriff purchased a one-way airplane ticket that was personal in nature on March 26, 2002, in the amount of \$335. Also, \$25 of additional travel fees and a \$3 credit card protection fee was included on this bill. These expenditures of \$363 were subsequently reimbursed to the Sheriff's office on December 19, 2002.

*Former County Sheriff Robert Weddle's Response:*

*Understood - will not happen again - unaware of statute.*

CASEY COUNTY  
 ROBERT WEDDLE, FORMER COUNTY SHERIFF  
 COMMENTS AND RECOMMENDATIONS  
 For The Period January 1, 2002 Through January 5, 2003  
 (Continued)

3. The Sheriff's Office Should Follow Proper Payroll Procedures And Accurately Reflect Expenditures Of The Office

During our recap of payroll, we discovered checks written to a court bailiff for various amounts. Only three checks totaling \$600 were posted on the disbursements ledger as "Court Bailiff." After further testing, we determined that checks totaling \$2,446 were posted among various accounts as follows:

Gas and Oil	\$ 752
Uniform	187
Supplies	757
Postage	332
Repairs and Maintenance	375
Utilities	<u>43</u>
Total	<u>\$ 2,446</u>

As a result, the former Sheriff's financial records did not accurately reflect the expenditures of the Sheriff's office. In addition, no payroll individual earnings records were maintained on these payments nor was a 1099 issued for calendar year 2002. We recommend the Sheriff's office maintain individual earnings records on all employees or properly notify the County with payments made to any individual which would require the issuance of a 1099. Furthermore, we recommend the Sheriff's office accurately reflect all expenditures on the financial statements.

*Former County Sheriff Robert Weddle's Response:*

*Rectified.*

4. Lacked Adequate Segregation Of Duties

We conclude the internal control structure lacked a proper segregation of duties. There was a limited size staff which prevented adequate division of responsibilities. Even though the Sheriff had statutory authority to assume the role as custodian of monetary assets as well as recorder of transactions and preparer of financial statements, no compensating controls were performed. Therefore, management decided to limit the number of personnel responsible for duties and accept the risk for a lack of adequate segregation of duties. In order to offset this internal control weakness, the Sheriff should have assigned duties to another deputy/employee. Duties that should have been separated include preparing deposits, reconciling bank statements, opening mail, and preparing and distributing checks. This other deputy/employee should have documented performing these duties by initialing and dating documentation.

*Former Sheriff Robert Weddle's Response:*

*Small office - unable to hire additional help.*

CASEY COUNTY  
ROBERT WEDDLE, FORMER COUNTY SHERIFF  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended January 5, 2003  
(Continued)

PRIOR YEAR:

- The Sheriff's Office Lacks An Adequate Segregation Of Duties
- The Sheriff Should Maintain Proper Documentation For All Expenditures And No Late Fees Should Be Paid From Excess Fees

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





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Members of the Casey County Fiscal Court

**Report On Compliance And On Internal Control**  
**Over Financial Reporting Based On An Audit Of The Financial**  
**Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of receipts, disbursements, and excess fees of the former Casey County Sheriff for the year ended January 5, 2003, and have issued our report thereon dated August 19, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the former Casey County Sheriff's financial statement for the year ended January 5, 2003, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations.

- The Former Sheriff Should Have Maintained Proper Documentation For All Expenditures And No Late Fees, Finance Charges, Or Credit Card Fees Should Have Been Paid From Excess Fees
- The Former Sheriff Should Not Have Used Public Funds For Personal Expenditures
- The Sheriff's Office Should Follow Proper Payroll Procedures And Accurately Reflect Expenditures Of The Office.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Casey County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. The reportable condition is described in the accompanying comments and recommendations.

- Lacked Adequate Segregation Of Duties

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,



Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 19, 2003



